

AUGUST 2012

## **INFORMATION**

### **On-Line Lender Toolkit**

[www.sba.gov/for-lenders](http://www.sba.gov/for-lenders)

#### **Des Moines District Office**

210 Walnut Street, Rm. 749  
Des Moines, IA 50309-2186  
(515) 284-4422  
(515) 284-4572 (Fax)  
[www.sba.gov/ia](http://www.sba.gov/ia)

Joseph M. Folsom  
District Director  
(515) 284-4026

[joseph.folsom@sba.gov](mailto:joseph.folsom@sba.gov)

#### **Cedar Rapids Branch Office**

2750 1<sup>st</sup> Ave. NE – Ste. 350  
Cedar Rapids, IA 52402  
(319) 362-6405  
(319) 362-7861 (Fax)

Dennis Larkin  
Branch Manager  
(319) 362-6405 ext. 2020  
[G.D.Larkin@sba.gov](mailto:G.D.Larkin@sba.gov)

#### **Standard 7(a) Loan Guaranty Processing Center**

6501 Sylvan Road  
Citrus Heights, CA 95610  
Phone: (916) 735-1960  
ext. 4368  
Fax: (916) 735-1975  
or  
(916) 735-1680

### **OR**

262 Black Gold Blvd.  
Hazard, KY 41701  
Phone: 606-436-0801  
ext. 229  
Fax: (606) 435-2400  
E-mail:  
[loanprocessing@sba.gov](mailto:loanprocessing@sba.gov)

#### **Fresno Servicing Center**

Fresno, CA  
1-800-347-0922  
202-481-0483 Fax

#### **Liquidation & Purchase Center**

Herndon, VA  
(703) 487-9283  
(202) 481-4674 Fax

#### **504 & PLP Processing Center**

6501 Sylvan Road  
Citrus Heights, CA 95610  
(916) 930-2463 or 930-2460  
(916) 930-2160 FAX

*All SBA programs and services are provided on a nondiscriminatory basis.*

## **Economic Injury Disaster Assistance Available in Iowa**

As many of us are aware the Secretary of Agriculture has issued disaster designations across the country as a result of this summer's drought for agricultural producers. The success of our rural main street businesses in our rural communities is heavily dependent upon the agricultural sector. The Secretary of Agriculture disaster designations trigger SBA's Economic Injury Disaster loan (EIDL) program.

Iowa has received three Secretary of Agriculture designations for drought conditions to date plus a designation for frosts and freezes this spring. These designations are for primary counties that have been impacted by the disaster and the contiguous counties. Each designation has individual filing deadlines. In general drought designations cover the whole state when contiguous counties are considered and have an eligibility period to April 1, 2013 for businesses to apply for the specific counties covered by the frost and freeze designation and for each specific designation go to <http://www.sba.gov/content/sba-secretary-agriculture-disaster-declarations-with-open-deadlines>.

EIDLs are direct working capital loans designed to help small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period. The law limits EIDLs to \$2,000,000 for alleviating economic injury caused by the disaster

EIDL assistance is available only to entities and their owners who cannot provide for their own recovery from non-government sources, as determined by the U.S. Small Business Administration (SBA).

Applicants must have a credit history acceptable to SBA. Applicants must show the ability to repay the loan. Collateral is required for all EIDLs over \$5,000. SBA takes real estate as collateral when it is available. SBA will not decline a loan for lack of collateral, but SBA will require the borrower to pledge collateral that is available.

The interest rate is determined by formulas set by law and is fixed for the life of the loan. The maximum interest rate for this program is 4 percent.

The law authorizes loan terms up to a maximum of 30 years. SBA will determine an appropriate installment payment based on the financial condition of each borrower, which in turn will determine the loan term.

The applicant business must be located in the declared disaster area. Only uninsured or otherwise uncompensated disaster losses are eligible. The economic injury must have been the direct result of the declared disaster. Nurseries are only eligible for economic injury caused by declared drought disasters. Small businesses engaged in aquaculture are eligible. By law, agricultural enterprises such as farmers and ranchers are not eligible for any type of SBA assistance.

Loan assistance is available only to the extent the business and its owners cannot meet necessary financial obligations due to the disaster. This determination is made by SBA. Economic injury disaster loans cannot be used to refinance long term debts.

To protect each borrower and the Agency, SBA requires borrowers to obtain and maintain appropriate insurance. Borrowers of all secured loans (over \$5,000) must purchase and maintain hazard insurance for the life of the loan on the collateral property. By law, borrowers whose collateral property is located in a special flood hazard area must also purchase and maintain flood insurance for the full insurable value of the property for the life of the loan.

For more information, contact SBA's Disaster Assistance Customer Service Center by calling (800) 659-2955, e-mailing [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov), or visiting SBA's Web site at [www.sba.gov](http://www.sba.gov). Applicants may also apply online using the Electronic Loan Application (ELA) via SBA's secure Web site at <https://disasterloan.sba.gov/ela>.

- Joseph M. Folsom, District Director

## Lender Service Provider Agreements and Working with SBA Loans

Iowa lenders at times make use of service providers in their SBA work. A Lender Service Provider (LSP) is an agent who carries out lender functions in originating, disbursing, servicing or liquidating specific SBA loans for compensation from the lender.

An agent who qualifies as a Lender Service Provider, must sign a formal agreement with the lender, which must be accepted by the SBA. **We've been asked to let lenders know that the Office of Credit Risk Management has been citing lenders for their failure to have an accepted LSP agreement in place. So please make sure that if you're working with an LSP, that you have an agreement accepted by SBA.**

Please note that LSP agreements are no longer handled by the District Offices. SBA participating lenders must submit each agreement to the Loan Guaranty Processing Center in Citrus Heights, CA. Agreements can be e-mailed to them at [LSPagreements@sba.gov](mailto:LSPagreements@sba.gov).

While the SBA does not have specific Lender Service Agreement forms, each agreement must contain several items. It must identify what services will be performed. There must be a statement that the lender understands that lender has full responsibility for all decisions and actions on such loans.

Compensation of the LSP must be clearly stated. Fees for packaging, processing, and secondary market sales must be based on an hourly charge, not on a percentage of the loan amount nor upon whether the loan is approved. However, charges for servicing work may be based on a percentage of the loan balance. LSP's are paid by the lender and can't charge the applicant for the same service. The LSP and lender can't share in any secondary market premium. And the billing for loan packaging or processing services must identify the applicant's name.

The term of the Lender Service Agreement must be cited, along with any options. It must describe those

conditions which allow either party to terminate the contract.

Such an agreement must clearly show that the LSP will not assume a portion of the risk of the unguaranteed portion. The agreement is binding on any successors of either party. Any prior relationships are to be spelled out clearly. The agreement is subject to pertinent laws, policies, and regulations. The agreement must show no actual or apparent self-dealing or conflict of interest by either party.

If you have questions regarding Lender Service Provider Agreements, please feel to contact a Lender Relations Specialist in either the Des Moines District or Cedar Rapids Branch Offices.

In addition, you can refer to the LSP agreement requirements on pages 174-179 of the SOP 50-10-5 (E) at [www.sba.gov/sites/default/files/SOP%2050%2010%205\(E\)%20\(5-16-2012\)%20clean.pdf](http://www.sba.gov/sites/default/files/SOP%2050%2010%205(E)%20(5-16-2012)%20clean.pdf)

## SBA Lender Activity Report for JULY

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
SIUXLAND ECON. DEV. CORP.	SIUX CITY	6	\$3,286,000	CELTIC BANK CORPORATION	UTAH	1	\$726,600
CEDAR RAPIDS BANK & TRUST CO.	CEDAR RAPIDS	5	\$1,315,400	CITIZENS SAVINGS BANK	SPILLVILLE	1	\$500,000
HILLS BANK & TRUST CO.	HILLS	3	\$203,000	CORPORATION FOR ECON. DEV.	DES MOINES	1	\$287,000
BLACK HAWK ECON DEV.	WATERLOO	2	\$1,032,000	GREAT WESTERN BANK	IOWA	1	\$205,100
IOWA BUSINESS GROWTH CO.	JOHNSTON	2	\$614,000	MIDWESTONE BANK	CONRAD	1	\$200,000
FIRST NATIONAL BANK	WAVERLY	2	\$295,000	CLEAR LAKE BK & TR CO	CLEAR LAKE	1	\$100,000
COMMUNITY SAVINGS BANK	EDGEWOOD	2	\$205,600	COMMUNITY BANK	INDIANOLA	1	\$75,000
NORTHWEST BANK & TRUST CO.	DAVENPORT	2	\$203,800	SECURITY NAITONAL BANK	SIUX CITY	1	\$70,900
MAIN BANK & TRUST	MAINE	2	\$154,200	GATEWAY STATE BANK	CLINTON	1	\$60,000
QUAD CITY BK & TR CO	BETTENDORF	1	\$4,000,000	FIRST NATIONAL BANK	DAVENPORT	1	\$50,000
FIRST AMERICAN BANK	FORT DODGE	1	\$3,580,300	BRIDGE COMMUNITY BANK	MOUNT VERNON	1	\$30,000
WELLS FARGO BANK NATL ASSOC	IOWA	1	\$2,096,700	U.S. BANK	IOWA	1	\$25,000
IOWA STATE BANK	DES MOINES	1	\$920,000	GUARANTY BANK AND TRUST CO.	CEDAR RAPIDS	1	\$15,000
THE CLINTON NATIONAL BANK	CLINTON	1	\$795,000				

*The following lenders were participant lenders in the SBA's 504 Loan Program in Iowa during the month of JULY*

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
AMERICAN STATE BANK	SIUX CENTER	1	\$3,903,000	FIRST STATE BANK	FT. DODGE	1	\$490,000
HOME TRUST AND SVGS BANK	OSAGE	1	\$1,656,675	MERCHANTS BANK	MINNESOTA	1	\$462,500
CRAWFORD CO. TRUST AND SVGS	DENISON	1	\$825,000	FARMERS TRUST AND SVGS BANK	HARLAN	1	\$450,000
ENTERPRISE BANK	NEBRASKA	1	\$808,500	COLLINS COMMUNITY CU	CEDAR RAPIDS	1	\$375,000
NORTHWEST BANK	FT. DODGE	1	\$625,000	COMMUNITY BANK	INDIANOLA	1	\$135,750